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**ST. TAMMANY PARISH WATERWORKS
DISTRICT NO. 3
Covington, Louisiana**

December 31, 2005 and 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/2/06

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Elizabeth Pate Piner CPA LLC

CERTIFIED PUBLIC ACCOUNTANT

318 E. Boston St., Suite 1
Covington, LA 70433

To the Board of Commissioners
St. Tammany Parish Waterworks District No. 3
Covington, Louisiana

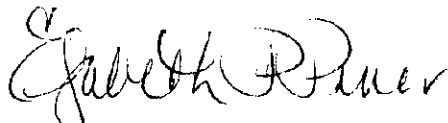
I have reviewed the accompanying statement of net assets of St. Tammany Parish Waterworks District No. 3 (the District) as of December 31, 2005 and 2004, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the two years then ended as listed in the foregoing table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards* issued by the Comptroller General of the United States of America. All information included in these financial statements is the representation of the management of the St. Tammany Parish Waterworks District No. 3.

A review consists principally of inquiries of the District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 26, 2006, on the results of our agreed-upon procedures.

The management's discussion and analysis information on pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedure applied in the review of the basic financial statements but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



Elizabeth Pate Piner
Certified Public Accountant
June 26, 2006

REQUIRED SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH WATERWORKS DISTRICT NO.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

This section of the District's financial report presents my analysis of St. Tammany Parish Waterworks District No.3's (the District) financial performance during the year ended December 31, 2005. Please read it in conjunction with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$114,000 or 10.4%.
- During the year, the District's operating revenues increased by \$1,000, while operating expenses increased by \$16,000 or 12.9%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis, Basic Financial Statements, and Supplementary Information. The Basic Financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The Basic Financial Statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about its activities. The Statement of Net Assets included all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Revenue, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments through the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net assets of the District and changes in them. The net assets (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

NET ASSETS

To begin my analysis, a summary of the District's Statement of Net assets is presented in Table A-1.

Table A-1
Condensed Statement of Net Assets
(In Thousands of Dollars)

	December 31,		Dollar	Total
	2005	2004	Change	Percent
Current and Other Assets	\$ 964	\$ 804	\$ 160	19.9 %
Capital Assets	401	420	(19)	(4.5)
Total Assets	\$ 1,365	\$ 1,224	\$ 141	11.5 %
Current Liabilities	146	119	27	22.7
Total Liabilities	146	119	27	22.7
Invested in Capital Assets, Net of Related Debt	401	420	(19)	(4.5)
Restricted	11	16	(5)	(31.3)
Unrestricted	807	669	138	20.6
Total Net Assets	1,219	1,105	114	10.3
Total Liabilities and Net Assets	\$ 1,365	\$ 1,224	\$ 141	11.5 %

As can be seen from the table above, net assets increased by \$141,000 to \$1,365,000 in the year ended December, 31, 2005.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In Thousands of Dollars)

	For The Years December 31,		Dollar Change	Total Percent Change	
	2005	2004			
Operating Revenues	\$ 221	\$ 220	\$ 1	0.5	%
Non-Operating Revenues	26	22	4	18.2	
Total Revenues	\$ 247	\$ 242	\$ 5	2.1	%
Depreciation Expense	23	23	0	0.0	
Other Operating Expenses	110	94	16	17.0	
Total Expenses	133	117	16	13.7	
Change in Net assets	114	125	(11)	(8.8)	
Beginning Net assets	1,105	980	125	12.8	
Ending Net Assets	\$ 1,219	\$ 1,105	\$ 114	10.3	%

The Statement of Revenues, Expenses, and Changes in Net assets provides answers as to the nature and source of changes in net assets. The District's operating revenues increased by \$1,000 to \$221,000 in the year ended December 31, 2005. The District's other operating expenses increased by \$16,000 to \$110,000 in the year ended December 31, 2005.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2005, the District had invested \$401,000 in a range of infrastructure including water systems, buildings, and equipment as shown in Table A-3. The District has started construction on a new system and has invested \$58,000 in this system at December 31, 2005. This amount is currently not being depreciated. No additions to capital assets were made during the current year.

Table A-3
Capital Assets
(In Thousands of Dollars)

	For The Years December 31,		Dollar	Total
	2005	2004	Change	Percent
Water System	\$ 677	\$ 677	\$ 0	0.0 %
Building & Fence	3	3	0	0.0
Equipment	46	46	0	0.0
Sub- Total	726	726	0	0.0
Less: Accumulated Depreciation	383	360	23	6.4
Net Depreciable Assets	343	366	(23)	(6.3)
Non-Depreciable Assets	58	55	3	5.5
Ending Net Assets	\$ 401	\$ 421	\$ (20)	(4.8) %

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have any questions about this report or need additional financial information, contact St. Tammany Parish Waterworks District No. 3, State of Louisiana, P.O. Box 1478, Covington, LA 70434.

BASIC FINANCIAL INFORMATION

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

STATEMENTS OF NET ASSETS

DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Current Assets		
Cash and cash equivalents (Note 2)	\$940,914	\$777,667
Revenues receivable - charges for services	19,627	20,108
Accrued interest receivable	2,603	365
Prepaid insurance	1,488	5,434
Total current assets	<u>964,632</u>	<u>803,574</u>
Capital Assets		
Non-Depreciable (Construction in progress)	58,056	54,510
Depreciable, net (Note 4)	<u>342,661</u>	<u>365,904</u>
Total Capital Assets	<u>400,717</u>	<u>420,414</u>
Total Assets	<u>1,365,349</u>	<u>1,223,988</u>
Current Liabilities		
Accounts payable	7,222	3,598
Meter deposits	9,400	5,300
Due to other governmental agencies (Note 8)	<u>129,189</u>	<u>110,115</u>
Total current liabilities	<u>145,811</u>	<u>119,013</u>
Total liabilities	<u>145,811</u>	<u>119,013</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	<u>400,717</u>	<u>420,414</u>
Restricted		
Reserved for prepaid expenses	1,488	5,434
Reserved for debt service:		
Revenue bonds (Note 3)	47	47
Reserved for right-of-way construction contingencies	<u>10,000</u>	<u>10,000</u>
Total Restricted	<u>11,535</u>	<u>15,481</u>
Unrestricted	<u>807,286</u>	<u>669,080</u>
Total net assets	<u>\$1,219,538</u>	<u>\$1,104,975</u>

See accountant's review report.

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Charges for services	\$218,974	\$219,893
Administrative fees for new accounts	1,783	508
	<hr/>	<hr/>
Total operating revenues	220,757	220,401
OPERATING EXPENSES		
Depreciation	23,243	23,240
Insurance	10,761	10,387
Miscellaneous	228	427
Newspaper advertising	507	0
Office supplies and expenses	375	406
Personnel services		
Salaries and benefits	3,795	3,795
Per diem paid to commisioners	2,220	2,400
Contract labor	26,837	24,759
Payroll taxes	218	639
Postage	1,366	1,242
Professional services	1,356	1,885
Repairs & Maintenance	42,675	32,273
Utilities	19,138	16,129
	<hr/>	<hr/>
Total operating expenses	132,719	117,582
	<hr/>	<hr/>
Operating Income	88,038	102,819
	<hr/>	<hr/>
NONOPERATING REVENUES		
Tower rental income	11,860	11,515
Interest income	14,665	10,272
	<hr/>	<hr/>
Total nonoperating revenue	26,525	21,787
	<hr/>	<hr/>
CHANGE IN NET ASSETS	114,563	124,606
	<hr/>	<hr/>
NET ASSETS AT BEGINNING OF YEAR	1,104,975	980,369
	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	\$1,219,538	\$1,104,975
	<hr/>	<hr/>

See accountant's review report.

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO.3

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

Cash Flows From Operating Activities

Cash received from customers	\$225,339	\$218,869
Cash payments to suppliers for goods and services	(95,674)	(87,792)
Cash payments to employee and commissioners for services and benefits	(6,233)	(6,834)
Cash transferred from other governmental entity, net	19,074	41,037
Net cash provided by operating activities	142,506	165,280

Cash Flows From Capital and Related Financing Activities

Acquisition of capital assets	(3,546)	-
Net cash used in capital and related financing activities	(3,546)	-

Cash Flows From Investing Activities

Tower rental income	11,860	11,515
Interest received	12,427	10,272
Net cash provided by investing activities	24,287	21,787

INCREASE IN CASH AND CASH EQUIVALENTS

	163,247	187,067
Cash and cash equivalents at beginning of year	777,667	590,600
Cash and cash equivalents at end of year	\$940,914	\$777,667

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$88,038	\$102,819
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	23,243	23,240
Decrease/(Increase) in receivables	481	(6,832)
Decrease/(Increase) in prepaid insurance	3,946	(62)
Increase in due from other governmental activity	19,074	41,037
Increase in meter deposits payable	4,100	5,300
Increase/(Decrease) in accounts payable	3,870	(221)
(Decrease) in payroll liabilities	(246)	-
Net cash provided by operating activities	\$142,506	\$165,281

See accountant's review report.

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH WATERWORKS

DISTRICT NO. 3
Covington, Louisiana

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The St. Tammany Parish Waterworks District No. 3 ("District No.3") was created by the St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute (LSA-R.S.) 33:3881. District No.3 is governed by a four-member board of commissioners ("the Board"), who are residents of and own real estate in the district. The Board is appointed by the police jury and is responsible for providing water service to users within the boundaries of the district. The water comes from deep artesian wells, and it is distributed through a central water tower. District No.3 is the collection agent for St. Tammany Parish Sewerage Districts No. 1 and No. 4.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of District No. 3 have been prepared in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the government reporting entity. Because the district is solely accountable for fiscal matters, which include (1) responsibility for funding deficits and operating deficiencies, (2) fiscal management for controlling the collection and disbursement of funds, and (3) because of the scope of public service provided by the district, the district is a separate governmental reporting entity. The district includes all funds, activities, et cetera, that are within the oversight responsibility of the district. Certain units of local government over which the district exercises no oversight responsibility, such as the parish police jury, the parish school board, independently elected parish officials, and municipalities, within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the district. Starting with the year ending December 31, 2002, St. Tammany Parish Government will be following GASB Statement No. 14 which requires them to include component unit financial information in their statements. Waterworks District #3 has been determined to be a component unit of St. Tammany Parish and will be included in St. Tammany Parish's financial statements.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3
Notes to the Financial Statements, continued

C. FUND ACCOUNTING

The District No. 3 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continued basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

While not required to formally adopt Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*(Statement No.34), because District No. 3 had not met certain financial thresholds, the financial statements are nonetheless presented in this financial reporting model. Statement No. 34, established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in Capital Assets, Net of Related Debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* – This component of net assets consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets*- This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the statement and the reflection of capital contributions as a change in net assets.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3
Notes to the Financial Statements, continued

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in interest bearing and non-interest bearing demand deposits and certificates of deposit. Under state law, District No. 3 may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. RECEIVABLES

District No. 3 bills customers in the month following the month in which services were provided. Unbilled service charges are accrued for the month of December at year end. The district uses the direct write off method for any receivable considered to be uncollectible.

G. FIXED ASSETS

Fixed assets of District No. 3 are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation is computed using the straight line method over the estimated useful lives of 10 to 35 years.

H. LONG-TERM OBLIGATION

District No. 3 has no long-term obligations at December 31, 2005 and 2004.

I. COMPENSATED ABSENCES AND PENSION PLAN

The district has no full-time employees; therefore, it does not have a formal vacation and sick leave policy and does not contribute to a pension plan or provide any post-retirement benefits.

J. RECLASSIFICATIONS

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or fund equity.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3
Notes to the Financial Statements, continued

2. CASH AND CASH EQUIVALENTS

At December 31, 2005 and 2004, respectively, the District has cash (book balances) totaling \$311,881 and \$350,619 in non-interest bearing and interest bearing demand deposit accounts and \$628,985 and \$427,001 in certificates of deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2005, District No. 3 had cash balances in excess of FDIC insurance coverage of \$820,386, of which, \$775,218 was covered by securities pledged to District No.3. Additional collateral was pledged on February 2, 2006. At May 31, 2006 securities pledged in excess of pledging requirements was \$96,652.

3. RESTRICTED ASSETS

Bond requirements contain limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds. District No.3 is in compliance with all such significant limitations and restrictions. A summary of restricted assets are as follows:

Revenue Bonds:	
Revenue Bond and Interest Sinking Fund:	
Restricted cash	\$ 47
Total restricted assets	\$ 47

The purpose of these funds is as follows:

a) Revenue Bond and Interest Sinking Fund:

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3
Notes to the Financial Statements, continued

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets and related depreciation follows:

	Balance January 1, 2005	Additions 2005	Balance December 31, 2005
Water System	\$677,180	\$0	\$677,180
Buildings	2,156	0	2,156
Equipment	46,303	0	46,303
	<hr/>	<hr/>	<hr/>
Total Cost	725,639	0	725,639
	<hr/>	<hr/>	<hr/>
Less - Accumulated Depreciation	(359,735)	(23,243)	(382,978)
	<hr/>	<hr/>	<hr/>
Net	\$365,904	\$(23,243)	\$342,661
	<hr/>	<hr/>	<hr/>

5. CONSTRUCTION IN PROGRESS

Construction in progress consists of \$50,000 of land and \$8,056 of other expenses, capitalized as part of the construction of a third well site to be utilized by District No. 3.

6. LEASES

District No. 3 has no capital or operating leases at December 31, 2005 and 2004.

7. LITIGATION

District No. 3 is not involved in any litigation at December 31, 2005.

8. DUE TO OTHER GOVERNMENTAL AGENCIES

District No. 3 is the collection agent for St. Tammany Parish Sewerage Districts No. 1 and No. 4. Sewerage fees collected that have not been remitted to the sewerage districts at December 31, 2005 are as follows:

<u>Due To</u>	<u>Amount</u>
St. Tammany Parish Sewerage District No. 1	\$ 55,055
St. Tammany Parish Sewerage District No. 4	<u>\$ 74,134</u>
Total	<u>\$129,189</u>

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3
Notes to the Financial Statements, continued

9. PER DIEM PAID COMMISSIONERS FOR BOARD MEETINGS

Attendance and payment for Board of Commissioners meetings were as follows:

<u>Commissioner</u>	<u>Number of Meetings Attended</u>	<u>Amount</u>
Raymond Legendre	8	\$ 480
John North	10	600
William Burkstaller	9	540
Ron Civello	10	600
Total		<u>\$2,220</u>

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction to assets, errors and omissions; injuries to its employee; and natural disasters. The District purchases commercial insurance in amounts it believes sufficient to cover the risk of loss to which it is exposed.

Elizabeth Pate Piner CPA LLC

CERTIFIED PUBLIC ACCOUNTANT

318 E. Boston St., Suite 1
Covington, LA 70433

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Commissioners
St. Tammany Waterworks District No. 3
State of Louisiana
Covington, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Management of **St. Tammany Waterworks District No. 3** and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about **St. Tammany Waterworks District No. 3's** compliance with certain laws and regulations during the year ending December 31, 2005, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No one expenditure was made during the year for materials and supplies exceeding \$15,000, and no one expenditure was made for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information. I noted no transactions with any of these parties during the year.

3. Obtain from management a listing of all employees paid during the period under examination.

Mrs. Mary Jane VanSickle is a part-time bookkeeper employed by the Waterworks District No. 3 and part of her cost is charged to the Waterworks District No. 3. There are no full-time employees of the Waterworks District No. 3.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The employee included on the list of employees provided by management in agreed-upon procedure (3) did not appear on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Proprietary funds are not required to adopt an annual budget. The District did not adopt a budget 2005.

6. Trace the budget adoption and amendments to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

Not applicable.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a.) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six disbursements and found that payment was for the proper amount and made to the correct payee.

- b.) determine if payments were properly coded to the correct fund and general ledger account; and

I examined the six selected disbursements and found they were properly coded to the correct general ledger account.

- c.) determine whether payments received approval from proper authorities.

I examined the six selected disbursements and found they were all signed and approved.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Meeting dates were posted in advance in accordance with the open meetings law.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits, which appeared to be proceeds of bank loans, bonds, or like indebtedness.


Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

There were no payments noted that may constitute bonuses, advances, or gifts.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of any opinion on management's assertions. Accordingly, I do not express such an opinion on management's assertions. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of St. Tammany Waterworks District No.3 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Elizabeth Pate Piner
Certified Public Accountant
June 26, 2006